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Agency Management Improvement Program

Implementation Instructions

I. Purpose

In compliance with the provisions of OMB (BOB) Circular A-44 (Rev.), dated February 16, 1970, a formal Agency-wide management improvement program is established. These instructions set forth policy, procedures and guidelines and assign responsibilities for carrying out a continuous effort to increase productivity, to improve operating efficiency and to reduce costs.

II. Definitions

For the purpose of these instructions, the following terms are defined:

A. Management Effectiveness - Includes those actions taken which result in improved operating efficiency, increased productivity, and curtailment of redundant, low priority, and marginally useful activities. Such actions do not have to be measured in dollar values.

B. Cost-Reduction - Includes those actions taken to increase productivity, improve efficiency, and eliminate unnecessary activities when such can be measured reasonably accurately in dollars or manpower actually saved or reprogrammed compared with actual costs in the immediately preceding year.

III. Policy

A. The Agency management improvement program consists of five interrelated elements:

1. Efficiency and productivity increases.
2. Cost-reduction.

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3. Special studies of Agency-wide or inter-Directorate activities.

4. Idea interchange.

5. Recognition of individual accomplishment in exceptional improvement actions.

B. The key element of Directorate management improvement programs is the annual identification of program and component cost-reduction and management improvement objectives coupled with evaluation of actual cost-reduction accomplishments on a regular basis. This requires the development of coherent quantitative measurements of program or component productivity and performance. Where such quantitative factors are inconclusive, uninformative, or impractical, qualitative or other informative techniques will have to be devised. This involves:

1. The development in each Directorate of procedures for computing the dollar value of cost-reduction or other management improvement actions taken and determining the assignment and dollar value of resources reprogrammed to other activities.

2. Effective executive action to implement rational cost-reduction or other management improvement actions.

3. The recognition of individuals who achieve exceptional results or otherwise make a commendable contribution under the program.

C. The program will include special inter-Directorate and Agency-wide studies. Deputy Directors, the Inspector General, the Deputy to the DCI for National Intelligence Programs Evaluation, and the Director of Planning, Programming, and Budgeting are encouraged to identify those activities which they feel need inter-Directorate or Agency-wide attention.

IV. Procedures

A. By 30 June of each year, each Deputy Director will submit to the Executive Director-Comptroller a formal management and cost-reduction program plan and report. The plan for FY 1971 will

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be submitted by 31 December 1970 (see Section IX - Reports).

B. Directorate annual plans will include four sections:

- Section I - Management Effectiveness Goals (upcoming fiscal year).
- Section II - Cost-Reduction Goals (upcoming fiscal year).
- Section III - Management Effectiveness Accomplishments (current fiscal year).
- Section IV - Cost-Reduction Accomplishments (current fiscal year).

1. Section I - Management Effectiveness Goals. This will cover actions and studies the Directorate intends to initiate during the upcoming fiscal year which can be expected to increase efficiency or reduce costs. Normally this section will include only those actions for which the quantification or identification of monetary (dollar) savings cannot be clearly estimated.

2. Section II - Cost-Reduction Goals. This will cover those studies and actions to be undertaken during the upcoming fiscal year by the Directorate which may lead to savings measurable in dollars or manpower which will be or can be utilized to meet unbudgeted workload or program requirements. This section should focus on: critical analysis and evaluation of low priority or marginal activities; identification and development of less costly methods and techniques for doing business; and the definition of concrete actions to increase productivity. This section should set forth both Directorate and component cost-reduction goals, expressed in dollars and manpower where possible. Cost-reduction goals must be realistic and represent actual savings expected as compared with the component's actual costs in the immediately preceding year or the most recently incurred costs, whichever is most appropriate.

3. Section III - Management Effectiveness Accomplishments. This section reports efficiencies achieved as compared with management improvement planning goals established in Section I of the previous year's submission. Unanticipated achievements

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will also be described, including those recognized under the incentive awards program.

4. Section IV - Cost-Reduction Achievements. This section will include actual dollar or manpower savings achieved as compared with planning goals identified in Section II of the previous year's cost-reduction plans. Unanticipated cost-reduction achievements also will be reported in this section. Only reductions in costs which can be attributed to deliberate management actions will be reported under this program. Monetary savings or cost-reduction for this purpose does not include such things as:

- a. Reductions in costs due solely to a decline in demand for Directorate or component output or service.
- b. Reductions in costs due to deferment or postponement of new programs or activities.
- c. Reductions in costs resulting from the transfer of responsibility to another component, Directorate or Government agency except to the extent that there is a net savings to the Government.
- d. Reductions in costs due to uncompensated overtime.
- e. Reductions in costs based on the acquisition of excess property when funds for purchase of similar property were not or would not have been available.
- f. Reductions in costs due solely to over-estimates of budgetary requirements.
- g. Reductions in costs resulting from decisions made by authorities external to the Agency.

C. The estimated budgetary impact of cost-reduction actions will be reported. The monetary savings which result or are expected from each cost-reduction or management improvement action will be calculated, individually identified, and reported for each of three fiscal years -- the year in which the savings occur and the two succeeding fiscal years.

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Savings reported for those succeeding fiscal years will represent an estimate of the funds or manpower which would have been required in each year if the improvement or reduction actions had not taken place. These data will be incorporated in the annual budget submission in a manner prescribed in the annual budget call.

D. Each Directorate will establish controls to assure that funds or manpower made available through the management improvement and cost-reduction programs are used only for approved programs or activities, including approved increases in the level of resources assigned to those activities. Savings will be reported by component, program category, sub-category and element and will reflect disposition of anticipated or actual savings in one or more of the following categories:

1. Reprogrammed or reallocated to approved requirements of the affected component.
2. Reprogrammed or reallocated to approved requirements of Directorate components.
3. No longer required to carry out approved programs and either placed in reserve or applied to reduce the Agency's budget.

V. Validation

A. The Director of Planning, Programming, and Budgeting is responsible for the validation of the dollar or other unit value of reported savings and reprogrammings resulting from the Agency's management effectiveness and cost-reduction programs. Validation will consist of a review of reported actions to confirm the accuracy of the amounts reported and their disposition or allocation to approved programs, prior to preparation of the Agency annual report to the Office of Management and Budget.

B. Validation procedures should provide reasonable assurance that:

1. Reported actions actually took place.
2. The savings reported represent reasonably accurate computations, or estimates, of the savings which occurred in the year reported and are the result of management initiative.

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3. Reported savings are the net of identified, offsetting cost increases.

VI. Inter-Directorate Studies

If applicable, a Deputy Director will include in the Directorate annual plan and report his recommendations concerning areas which he feels require inter-Directorate or Agency-wide study.

VII. Idea Interchange

With due regard to security and "need-to-know" factors, the Director of Planning, Programming, and Budgeting will select and disseminate annually to other Directorates a summary of those accomplishments which may have useful application for management improvement or cost-reduction purposes to other Agency activities and components.

VIII. Awards

A. Annual plans and reports should indicate whether the Deputy Director intends to recommend any individuals for incentive awards in connection with past year accomplishments in the Management Improvement Program. Such recommendations should be formally submitted under the Agency's merit award program no later than 31 July each year.

B. Deputy Directors and the Director of Planning, Programming, and Budgeting should recommend individuals for Presidential recognition where their achievements in cost-reduction or management improvement are of sufficient importance to warrant nomination.

IX. Reports

A. Agency - The Director of Planning, Programming, and Budgeting is responsible for compilation and preparation of the annual Agency management improvement and cost-reduction reports as required by OMB (BOB) Circular A-44 (Rev.).

B. Directorates - Reports from each Directorate will be submitted to the Executive Director-Comptroller by 30 June each year in a format to be prescribed by the Office of Planning, Programming, and Budgeting. The initial report due 31 December 1970 will define the areas selected for study and related goals for FY 1971 and the results of any significant management improvement actions completed during FY 1970.